CATTLE MARKETING DEDUCTIONS FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2005

Provincial Auditor Saskatchewan

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Cattle Marketing Deductions Fund as at March 31, 2005 and the statements of operations and net financial assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
July 7, 2005

Fred Wendel, CMA, CA
Provincial Auditor

CATTLE MARKETING DEDUCTIONS FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	Provincial Account		National Account		Total	
	2005	2004	2005	2004	2005	2004
Financial Assets						
Due from General Revenue Fund (Note 7)	$ 4,832,569	$ 4,233,548	$ 917,569	$ 281,677	$ 5,750,138	$ 4,515,225
Accounts receivable (Note 8)	143,198	180,684	147,593	186,231	290,791	366,915
Accrued interest receivable	32,946	27,619	---	---	32,946	27,619
	$ 5,008,713	$ 4,441,851	$ 1,065,162	$ 467,908	$ 6,073,875	$ 4,909,759
Liabilities						
Grants payable	$ 133,112	$ ---	$ 917,569	$ 281,677	$ 1,050,681	$ 281,677
Accounts payable	26,803	42,088	---	---	26,803	42,088
	159,915	42,088	917,569	281,677	1,077,484	$ 323,765
Net financial assets (Statement 2)	$ 4,848,798	$ 4,399,763	$ 147,593	$ 186,231	$ 4,996,391	$ 4,585,994

(See accompanying notes to the financial statements)

CATTLE MARKETING DEDUCTIONS FUND
STATEMENT OF OPERATIONS AND NET FINANCIAL ASSETS
Year Ended March 31

	Budget	Provincial Account		National Account		Total	
	2005 (Note 5)	2005	2004	2005	2004	2005	2004
Revenues							
Deductions (Note 1)	$ 1,200,000	$ 1,419,976	$ 1,183,777	$ 1,419,976	$ 1,183,777	$ 2,839,952	$ 2,367,554
Less: Commissions	(36,000)	(41,272)	(34,347)	---	---	(41,272)	(34,347)
Refund of deductions	(105,000)	(66,206)	(87,379)	---	---	(66,206)	(87,379)
Net deductions	1,059,000	1,312,498	1,062,051	1,419,976	1,183,777	2,732,474	2,245,828
Interest (Note 7)	115,000	108,026	123,665	---	---	108,026	123,665
Other Revenue	---	477	---	490	---	967	---
Total revenue	1,174,000	1,421,001	1,185,716	1,420,466	1,183,777	2,841,467	2,369,493
Expenditures							
Grants	900,000	952,857	817,661	1,459,104	1,151,585	2,411,961	1,969,246
Administration (Note 3)	15,500	15,542	15,000	---	---	15,542	15,000
Advisory committee honoraria and travel	2,500	3,567	3,565	---	---	3,567	3,565
Bad debt	---	---	1,447	---	1,490	---	2,937
Total expenditures	918,000	971,966	837,673	1,459,104	1,153,075	2,431,070	1,990,748
Surplus (deficit) for the year	$ 256,000	449,035	348,043	(38,638)	30,702	410,397	378,745
Net financial assets, beginning of year		4,399,763	4,051,720	186,231	155,529	4,585,994	4,207,249
Net financial assets, end of year (Statement 1)		$ 4,848,798	$ 4,399,763	$ 147,593	$ 186,231	$ 4,996,391	$ 4,585,994

(See accompanying notes to the financial statements)

CATTLE MARKETING DEDUCTIONS FUND
STATEMENT OF CASH FLOWS
Year Ended March 31

	2005	2004
Cash flows from (used in) operating activities:		
Receipts from deductions	$ 2,875,770	$ 2,269,783
Interest received	102,700	129,215
Payments to suppliers	(19,109)	(18,566)
Grant payments	(1,642,958)	(2,902,972)
Refunds paid	(81,490)	(90,033)
Cash flows from (used in) operating activities	1,234,913	(612,573)
Net increase (decrease) in cash and cash equivalents	1,234,913	(612,573)
Due from General Revenue Fund, beginning of year	4,515,225	5,127,798
Due from General Revenue Fund, end of year	$ 5,750,138	$ 4,515,225

(See accompanying notes to the financial statements)

CATTLE MARKETING DEDUCTIONS FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2005

1. Legislative Authority

The Cattle Marketing Deductions Fund (Fund) continues under *The Cattle Marketing Deductions Act, 1998* (Act). The Act established two accounts, the Provincial Account and the National Account.

The purpose of the Provincial Account is to fund programs, projects, and policies related to the development, improvement and promotion of the cattle industry and to pay expenses incurred in the administration of the Act.

The purpose of the National Account is to provide grants to promotion-research agencies established pursuant to the *Farm Products Agencies Act* (Canada) for the development, expansion, and promotion of the cattle industry. The Act also allows the Minister of Agriculture and Food (Minister) to provide grants for promotion and research to organizations that represent the national interests of the cattle industry. The Department of Agriculture and Food negotiated agreements with organizations that represent the national interests of the cattle industry to provide grants for promotion and research out of the National Account.

The Fund has an Advisory Committee, appointed by the Minister, that approves all grant payments.

Pursuant to subsection 3 of *The Cattle Marketing Deductions Regulations, 1998*, dealers deduct $2.00 per head from the proceeds for cattle sold less the dealer's commission of $0.03 per head. The National Account receives $1.00 a head without any deduction for the dealer's commission.

Section 12 of the Act provides for the refund of deductions received by the Provincial Account only. Any person may claim a refund of deductions for a calendar year by filing a claim by January 31 of the following year.

2. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting policies are considered significant.

a) Revenue

Deductions revenue and related commissions are recognized when the cattle are sold.

Refunds of deductions are recognized when the refund application is approved by the Department.

b) Grants

Grants are recorded when approved and when the eligibility criteria, if any, have been met by the recipient.

c) Grant refunds

Occasionally, grant recipients voluntarily return unused grant funds. Grant refunds are recorded as revenue when received.

3. Related Party Transactions

These financial statements include transactions with related parties. The Fund is related to all Saskatchewan Crown agencies such as departments, corporations, agencies, boards and commissions under common control of the Government of Saskatchewan. Also, the Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

The Fund made grants totalling $363,600 (2004 - $470,638) to the University of Saskatchewan.

The Livestock Services Revolving Fund provided administrative services to the Fund for an annual fee of $15,000 (2004 - $15,000).

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

4. Commitments

At year end, the Fund's Advisory Committee had approved grants from the Provincial Account totalling $898,142 (2004 - $1,105,117) for projects of the following years.

2006	$650,142
2007	$248,000

Included in these amounts is $248,000 committed to the University of Saskatchewan for each of 2006 and 2007.

Also, the Fund is committed to pay any monies in the National Account to promotion and research agencies that represent the national interests of the cattle industry.

5. Budget

The Advisory Committee approved the 2005 budget for the Provincial Account on January 23, 2004.

6. Financial Instruments

Accounts receivable, accrued interest receivable, grants payable, and accounts payable are non-interest bearing and are due or payable within the next year. Due to this short-term maturity, the fair values of these instruments approximate their carrying values.

The Fund is exposed to credit risk from potential non-payment of accounts receivable. However, most of the receivables were collected shortly after year-end, reducing its credit risk.

7. Due from General Revenue Fund

The Fund's money is held in the General Revenue Fund. Interest is calculated on the Fund's daily balance using the Government's thirty-day borrowing rate and is credited to the Provincial Account on a quarterly basis. The Government's average thirty-day borrowing rate for 2005 was 2.19% (2004 – 2.79%).

8. Accounts receivable

Accounts receivable consists of balances totalling $322,394 (2004 – $399,484) less an allowance for bad debts of $31,603 (2004 - $32,569) for amounts owing to the Fund where collection is doubtful.

CATTLE MARKETING DEDUCTIONS FUND
DETAILED LIST OF EXPENSES (UNAUDITED)
Year Ended March 31

	2005	2004
Personal Services		
Payees under $50,000	$ 1,125	$ 1,015
Travel		
Other	2,442	2,430
Grants		
Canadian Cattlemen's Association:		
National Beef Information Centre	729,552	575,792
Beef Cattle Research Council	145,910	115,158
Operating Expenses	225,275	209,954
University of Saskatchewan:		
Veterinary Infectious Disease Organization	205,000	180,000
Project Funding	58,600	95,347
Western Beef Development Centre	100,000	195,291
Canada Beef Export Federation	583,642	460,634
Western Applied Research Corp.	---	14,500
Farm Animal Council of Saskatchewan	15,345	10,000
Saskatchewan Cattle Feeders' Association	128,025	16,300
Saskatchewan Stock Growers' Association	190,612	57,500
National Holstein Convention	5,000	---
Saskatchewan Livestock Association	---	4,000
Saskatchewan Society for Prevention of Cruelty to Animals	25,000	26,520
Saskatchewan Beef Quality Starts Here Program	---	8,250
	2,411,961	1,969,246
Supplier Payments		
Payees under $50,000	15,542	18,057
Total	$ 2,431,070	$ 1,990,748